

30/06/2026



Land to the rear of 209-219 Henley Road, Caversham, RG4 6LJ

S106 Management (S106M) is instructed to review the findings of Carter Jonas (CJ) in relation to a proposed development at the land to the rear of 209-219 Henley Road, ref PL/25/1845.

Executive Summary

- CJ have reviewed S106M's appraisal and suggested several adjusted inputs.
- The below table highlights the main differences in the two appraisals:

	S106M Original FVA	Council v1 (100% OM)
GIA	1,246.79	1,246.79
Residential GDV Total	£6,025,000	£6,025,000
Residential GDV psm	£4,832	£4,832
Ground Rent	£0	£0
TOTAL GDV	£6,025,000	£6,025,000
Base Build Cost Total	£3,686,230	£3,686,230
Base Build Cost (£/m2)	£2,957	£2,957
Externals	(inc above)	(inc above)
Contingencies (%)	5%	5%
Contingencies Total	£184,312	£184,312
Fees %	10%	10.0%
Fees Total	£368,623	£368,623
Acquisition Costs	(inc in finance costs)	£1,546
CIL	£229,360	£229,360
S106	£50,000	£50,000
BNG	£0	£0
Sales & Marketing Fees	£150,625	£150,625
%	2.5%	2.50%
Legal Fees (Total)	£0	£0
Demolitions	£0	£0
misc Finance	£0	£0
Interest	£207,498	£211,601

Total Cost	£4,876,648	£4,882,297
Profit %	20.00%	17.50%
Profit Total	£1,205,000	£1,054,375
Cost + Profit	£6,081,648	£5,936,672
RLV	-£56,648	£88,328
BLV	£250,000	£0
Surplus / Deficit	-£306,648	£88,328

- CJ conclude that an affordable housing contribution can be provided. This is primarily on the basis of a lower profit allowance and a nil BLV.
- The below response provides additional information, updating the original Q2 2026 reporting and reviews any changes aiming for agreement on any outstanding points.

1. Proposed development

- 1.1 Application **PL/25/1845** proposes ‘*Variation of condition 2 (approved plans) of planning permission PL/19/0887 (granted on 25/03/2020 for the erection of 9 dwellings to the rear of 209-219 Henley Road with access road and associated landscaping), including amendments to the layout and fixed floor level of Plots 7-9, associated landscaping works and various other associated alterations, including the removal of the affordable housing contribution, changes to the wording of conditions 3, 7, 11, 12, 18 and 19 to account for revised plans/information now proposed and changes to the wording of conditions 6, 14, 16 and 17 to account for details approved since permission PL/19/0887*’.
- 1.2 S106M’s original viability report calculated that the development had a Residual Land Value (RLV) of -£56,648. This figure was -£306,648 less than the adopted Benchmark Land Value (BLV) of £250,000; thus, it was concluded that the development could not viably provide any contributions towards Affordable Housing.
- 1.3 The below response reviews both appraisals and provides the further information required to allow a conclusion to these discussions.

2. Review of Assumptions

2.1 It should be noted from the outset that all concessions made in this review are purely for the purpose of this illustration; should the matter not be resolved at this juncture we reserve the right to return to our original figures in any subsequent appeal.

3. Sales Revenue

3.1 S106M originally valued the proposed development at £6,025,000 total GDV (£4,832/m²).

3.2 CJ have also modelled £6,025,000 as their GDV.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
GIA	1,246.79	1,246.79	1,246.79
Residential GDV Total	£6,025,000	£6,025,000	£6,025,000
Residential GDV psm	£4,832	£4,832	£4,832
Ground Rent	£0	£0	£0
TOTAL GDV	£6,025,000	£6,025,000	£6,025,000

4. Build Costs

4.1 S106M's original report included build costs of £3,686,230. This was based on a cost plan provided by Knowles Land.

4.2 CJ have had Johnson Associates to review these costings and they deem them appropriate.

30/06/2026

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Base Build Cost Total	£3,686,230	£3,686,230	£3,686,230
Base Build Cost (£/m2)	£2,957	£2,957	£2,957
Externals	(inc above)	(inc above)	(inc above)

5. Contingencies

5.1 S106M and CJ are in agreement that 5% is a reasonable allowance for contingencies.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Contingencies (%)	5%	5%	5%
Contingencies Total	£184,312	£184,312	£184,312

6. Build Fees

6.1 S106M and CJ are in agreement that 10% is a reasonable allowance for professional fees.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Fees %	10%	10%	10%
Fees Total	£368,623	£368,623	£368,623

7. Acquisition Costs

7.1 Acquisition costs are based upon the presumed BLV. We outline our comments on the adopted BLV below.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Acquisition Costs	(inc in Finance costs)	£1,546	£1,546

8. CIL/S106 Costs

8.1 Both parties have included CIL costs of £229,360.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
CIL	£229,360	£229,360	£229,360

9. Sales Fees and Legal Fees

9.1 Both parties have modelled 2.5% for sales/marketing/legal fees.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Sales/Marketing/Legal Fees	£150,625	£150,625	£150,625
%	2.5%	2.5%	2.5%

10. Finance Costs

10.1 S106M originally included finance costs of £207,498.

10.2 CJ have modelled finance costs of £211,601.

10.3 Without prejudice, we also model £211,601 for finance costs.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Interest	£207,498	£211,601	£211,601

11. Profit

11.1 S106M originally adopted a developer's return of 20% on GDV. This position is consistent with the local plan viability study and significant precedent at appeal,

examination and on a site-specific basis which supports a return of 17.5-20% in medium-high risk environments.

11.2 CJ have suggested a reduced allowance of 17.5% on the basis of perceived risk associated with the perceived developments, along with 'relatively predictable' sales values and being in an established residential market.

11.3 Recent appeal decisions continue to recognise profit levels within the range of approximately 17.5-20% GDV as reasonable, depending on site-specific circumstances.

11.4 Inspectors have repeatedly recognised that:

- Viability is not an exact science.
- Profit assumptions must reflect development risk.
- SME developers often face higher delivery risks than large operators.
- Benchmark assumptions should not be artificially constrained in order to increase planning contributions.

11.5 Having regard to the above, 20% is still appropriate given the impacts of the Iran War.

11.6 No evidence has been provided to deviate away from 20%. Indeed, there is a wealth of policy, market and political evidence that suggests in fact that risk has substantially increased for SME developers on smaller schemes over the last few months.

11.7 Accordingly, S106M have maintained their 20% allowance, subject to CJ providing justification for their approach.

	S106M Original FVA	Council v1 (100% OM)	S106M Response
Profit %	20.00%	17.50%	20.00%
Profit Total	£1,205,000	£1,054,375	£1,205,000

12. Benchmark Value

12.1 S106M originally adopted a benchmark land value of £250,000

12.2 CJ have suggested a lower benchmark land value of zero.

12.3 The national viability guidance sets out the position as follows:

How should land value be defined for the purpose of viability assessment?

*To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. **The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called ‘existing use value plus’ (EUV+).***

12.4 It is self-evident from the guidance that a landowner will not bring the land forward for development if the benchmark however arrived at, is zero.

12.5 Historically this site comprised 6 long gardens for the properties fronting Henley Road, with access to the site being achieved by way of a road cutting across 2 further gardens, and the demolition of a frontage garage building (1 further garden) - as shown on the plan below:



The valuation of the site was considered by Steve Hicks in 2019 in connection the existing consent 190887.

His analysis is set out below:

Benchmark Land Value

The BLV is based on the site assembly cost of £1.191m + £188k associated costs (fees etc) which equates to £198k per garden plot. The purchase price has allowed for an EUV+ premium as per para 16 of the NPGV but this has not been quantified.

I have estimated the value of the existing properties to be circa £2.75 - 3m which results in the price paid for gardens as development land as equating to circa 40+% of the existing house values. This is extremely high, equating to an average of £132k per plot. Based on this

30/06/2026



equivalent residual plot value I consider that the developer is paying too much for the land to facilitate this development.

Garden land is significantly less valuable and even an AUV of a diminution in value of 10% + landowner incentive of 10% results in a BLV of circa £570k which adds £621k + £94k costs savings back in to the appraisal which results in a viable scheme.

The proposed units have good size plots for new build but this has been driven more by flood risk zoning than sales and without this encumbrance there would have been a smaller land take from the existing properties.

This analysis remains relevant - the BLV of the site may appropriately be calculated by the reference to the diminution of the value of the Frontage properties (10%) plus a further premium of 10%. We therefore rely on Steve Hicks 2019 valuation of £570,000 or £63,333 for each of the Donor properties that comprise the site shown on the plan above to establish a EUV + BLV of £570,000.

National Viability Guidance.

12.6 The National Viability Guidance states

How should a viability assessment be treated in decision making?

Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then.

12.7 Following the Guidance, and in order to find a short route to common ground, we adopted the figure of £26,915 per plot from the Local Plan Viability Review (BPS 4th December 2024) as an incontrovertible BLV in our 2026 report. We can revise this to £242,235 for the 9 plots now under discussion. We note that this BLV represents 4.02% of GDV and is unfeasibly low in the context of overall landowner expectations.

12.8 The Local Plan Viability Review expands on the plot value position at para 4.20.

- 4.20 We have identified some 20 sites where BLV's have been agreed with applicants. For the purpose of our analysis, we have reduced this list marginally to exclude outlying cases where either extremely high or low BLV's were identified. The results of this assessment are shown below:

Table 12 – Summary Benchmark Land Value (BLV) Analysis

Calculation	BLV per hectare			BLV per unit
Outliers excluded				
Mean/avg	£5,486,364			£37,560
Median	£5,711,633			£26,915
Standard dev	£2,689,853			£23,531

- 4.21 For the purposes of our appraisals, we have adopted the Median rate per unit. Through adopting a per unit approach, we have reflected differing site values noting that the draft Local Plan identifies differing target densities as shown by Policy H2. Therefore, sites with capacity for greater densities would reflect higher benchmark site values.

This data the view that a higher BLV of £37,500 per plot (£337,500 for 9 plots) would be equally appropriate to the £570,000 adopted by Steve Hicks in 2019, and the £242,235 adopted in our 2026 report.

12.9 We note that CJ have not provided any evidence of 'what has changed since then' (then being December 2024), hence there is every good reason to adopt the assumptions made in the Area Wide Viability Assessment the purpose of which is to provide a level playing field in these negotiations.

12.10 The reader will appreciate that given that all three BLVs noted above exceed the Max Residual value identified by CJ of £88,238 it is unnecessary to identify which is the most appropriate as in all events there is no possibility of paying an affordable housing contribution.

30/06/2026

12.7 Conclusion

12.4 To conclude, S106M and CJ are largely in agreement over the inputs to be used in this appraisal.

12.5 The main areas of dispute relate to profit and BLV.

12.6 The apparent results of the revised appraisal are summarised below:

	S106M Original FVA	Council v1 (100% OM)	S106M Response	S106M Response
GIA	1,246.79	1,246.79	1,246.79	1,246.79
Residential GDV Total	£6,025,000	£6,025,000	£6,025,000	£6,025,000
Residential GDV psm	£4,832	£4,832	£4,832	£4,832
Ground Rent	£0	£0	£0	£0
TOTAL GDV	£6,025,000	£6,025,000	£6,025,000	£6,025,000
Base Build Cost Total	£3,686,230	£3,686,230	£3,686,230	£3,686,230
Base Build Cost (£/m2)	£2,957	£2,957	£2,957	£2,957
Externals	(inc above)	(inc above)	(inc above)	(inc above)
Contingencies (%)	5%	5%	5%	5%
Contingencies Total	£184,312	£184,312	£184,312	£184,312
Fees %	10%	10.0%	10.0%	10.0%
Fees Total	£368,623	£368,623	£368,623	£368,623
Acquisition Costs	(inc in finance costs)	£1,546	£1,546	£1,546
CIL	£229,360	£229,360	£229,360	£229,360
S106	£50,000	£50,000	£50,000	£50,000
BNG	£0	£0	£0	£0
Sales & Marketing Fees	£150,625	£150,625	£150,625	£150,625
%	2.5%	2.50%	2.50%	2.50%
Legal Fees (Total)	£0	£0	£0	£0
Demolitions	£0	£0	£0	£0
misc Finance	£0	£0	£0	£0
Interest	£207,498	£211,601	£211,601	£211,601
Total Cost	£4,876,648	£4,882,297	£4,882,297	£4,882,297
Profit %	20.00%	17.50%	20.00%	20.00%
Profit Total	£1,205,000	£1,054,375	£1,205,000	£1,054,375

Cost + Profit	£6,081,648	£5,936,672	£6,087,297	£5,936,672
RLV	-£56,648	£88,328	-£62,297	£88,328
BLV	£250,000	£0	£0	£242,235
Surplus / Deficit	-£306,648	£88,328	-£62,297	-£153,907

12.7 It can be seen that if CJ position on BLV (zero) and the S106M position on profit is agreed, then the deficit is £62,297. If the reverse is applied (CJ position on profit and the lowest S106M BLV), the deficit is £153,907.

12.8 While no FVA can be considered 100% correct, this range of outcomes demonstrates that on any reasonable view of the facts an affordable housing contribution of £88,328 is not viable. Again, this is unsurprising given that £88,328 represents 1.46% of the GDV, and no FVA can possibly be accurate to that margin.

12.9 For these reasons the request for an Affordable Housing Contribution is rejected.

13. Request for a Late Review Mechanism

14.1 The national viability guidance states.

How should viability be reviewed during the lifetime of a project?

Plans should set out circumstances where review mechanisms may be appropriate, as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.

14.2 Appeal reference APP/E0345/W/22/3310834 has found the Reading Policy framework deficient - see extract below:

15. A deferred payment mechanism requirement is detailed within the SPD, however this is guidance rather than policy. As set out by the Planning

30/06/2026



Practice Guidance (PPG), plans should set out circumstances where review mechanisms may be appropriate, as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles. LP Policy H3 does not do this.

16. Based on the evidence before me and in this instance therefore, I am satisfied that there is no conflict with LP Policy H3 and accordingly, a deferred payment mechanism is not necessary to make the development acceptable in planning terms.

17. On the evidence before me, the need for affordable housing and a deferred payment mechanism sought by the Council would not satisfy the 3 tests in Regulation 122(2) of the CIL Regulations 2010. As such, the proposal has demonstrated that securing affordable housing provision is not necessary. There is therefore no conflict with LP Policy H3.

The policy difficulty is exacerbated by the fact that the base line viability position is not agreed and therefore there is no agreed position from which to conduct a review.

14. Without Prejudice

14.1 Without prejudice, in order to expedite matters the applicant is prepared to offer £88,328, that being the high water mark of the Councils case, as an Affordable Housing contribution payable on occupation of the 5th house, provided the Council waive the LRM.

We look forward to your thoughts.

Best regards,

S106 Management.